



**Future of Asset Management in Japan
October 17, 2025**

**Welcoming Remarks
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Good morning, and welcome to this ISDA event on the Future of Asset Management in Japan. We're delighted to be holding this forum again, ahead of the official start of Japan Weeks on Monday. I'd like to begin by thanking our sponsors – Mizuho, MUFG and Nomura – for making the event possible.

It's been two years since the launch of this landmark initiative to strengthen Japan as an international center for asset management. It's a program ISDA wholeheartedly supports, and this event gives us a valuable opportunity to discuss the steps that have been taken, as well as the importance of a strong and vibrant derivatives market.

The Japanese Financial Services Agency's (FSA) original policy plan in 2023 envisioned a virtuous cycle of growth and distribution, in which household savings flow into productive investment and the benefits are returned to households, leading to further investment and consumption. To achieve this, a range of initiatives have been announced, including reforms to the asset management sector to encourage greater participation and measures to promote a diverse range of investment opportunities.

Over the past year, policymakers have maintained momentum and continued to move the program forward. For example, updates to the Financial Instruments and Exchange Act were introduced in May, allowing investment managers to delegate middle-office operations and investment management authority, thereby lowering barriers to entry. The FSA is now working on several further steps, including corporate governance reforms and the strengthening of policies to support steady asset building by households.

We welcome this progress and commend the FSA for its vision and commitment to boosting Japan's asset management sector. The strategy is unfolding at a time of profound change. Last year, the Bank of Japan ended its eight-year negative interest rate policy and rates were increased again at the start of this year. For Japanese firms, the change in monetary policy has underscored the importance of maintaining predictability and stability in earnings. This is best achieved by using derivatives.

In the time I have left, I'll explain why a healthy and vibrant derivatives market is such an important part of Japan's goal to become a global leader in asset management.

I'll start with the big picture – that is, the value and benefits of derivatives in general.

Derivatives are used for a variety of reasons, but the common factor is they enable companies to plan for the future with greater certainty and make strategic investments, contributing to business expansion and economic growth. Derivatives help firms mitigate risk, lock in financing terms, reduce costs, dampen the impact of market volatility and enhance financial performance and company value.

Earlier this year, [ISDA published a major report](#) that showed the value derivatives bring to businesses and the benefits to the broader economy. The report showed that 87% of nearly 1,200 companies across seven major stock indices use derivatives for a variety of purposes. That includes blue-chip multinationals, agricultural companies, asset managers, pension funds and banks. Derivatives have become an essential component of any robust, vibrant and competitive economy.

Here in Japan, asset managers are eager to increase their use of derivatives to improve their risk management.

ISDA and Crisil Coalition Greenwich recently published new research that confirms the importance of derivatives to the Japanese asset management sector. Based on interviews with 20 senior derivatives market participants, 89% agreed that increased use of derivatives would support the government's asset management strategy, both directly and indirectly. They cited improved portfolio management and enhanced investment product development as two of the key benefits.

The research also highlighted some of the issues constraining use of derivatives in the asset management sector today. These include low levels of liquidity in certain instruments and relatively slow uptake of electronic trading and processing compared to other jurisdictions. Respondents also cited a limited level of derivatives expertise across legal, operations and risk.

I'm pleased to say that one of the impediments cited – a lack of recognition for Japan Securities Clearing Corporation (JSCC) as a derivatives clearing organization by US regulators – was recently addressed when the Commodity Futures Trading Commission issued no-action relief in September. This means US asset managers in Japan will now be able to clear yen swaps through JSCC under certain conditions.

This research is very helpful in confirming the value of derivatives in supporting Japan's asset management strategy and identifying the steps that are needed to improve market access. For ISDA's part, we will use this research as the basis for future engagement with policymakers and market participants to ensure Japanese asset managers can use derivatives to improve portfolio management and enhance product development.

Events like these are a great way to open the dialogue, and I'm grateful to all our sponsors, speakers and delegates for being here today. We have a great event lined up and I'm looking forward to some lively and insightful conversations.

Thank you.